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British Virgin Islands

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I. Background information

1. The British Virgin Islands[1] are located about 60 miles east of Puerto Rico and 15 miles from the United States Virgin Islands. The Territory comprises a group of 50 islands that form an archipelago with the United States Virgin Islands. Twenty of the islands are inhabited. The capital city, Road Town, is located on the largest island, Tortola. The other major islands are Virgin Gorda, Anegada and Jost Van Dyke.

2. The earliest inhabitants of the British Virgin Islands were the Arawaks and the Caribs. The islands were sighted in 1492 by Christopher Columbus. The Dutch established the first permanent European community on the islands in 1648. In 1666, British planters took control of the islands and the Territory attained the status of a British colony. The planters were granted civil government, constitutional courts, an elected House of Assembly and a partly nominated Legislative Council, which first met in 1772. In 1872, the islands became part of the Federation of the Leeward Islands. In the 1930s and 1940s, British Virgin Islanders demanded greater self-governance, which led to the Territory becoming a separately administered colony in 1956.

3. According to the information provided by the administering Power, the 2001 census recorded 20,647 residents, which represents an increase of 1.92 per cent since 1991. The population density reached 135 persons per square kilometre. The main island, Tortola, which accounts for 36 per cent of the land, is where most economic activities are conducted and where 80 per cent of the population is concentrated, with a density of 304 persons per square kilometre. Approximately 83 per cent of the Islanders are of African descent, the remainder being of European or other origin. Immigration accounted for 45.4 per cent of the population growth between 1991 and 2001.

II. Constitutional, political and legal issues

4. The British Virgin Islands is a Non-Self-Governing Territory (British Overseas Territory) under the administration of the United Kingdom of Great Britain and Northern Ireland. The Constitution, formulated with local input, was adopted in 1967 and amended in 1976. The administering Power appoints a Governor with responsibilities for defence, internal security, external affairs, public service and the administration of the courts; the Governor retains legislative powers as necessary to exercise special responsibilities. The Executive Council consists of the Chief Minister (appointed by the Governor from among the elected members of the Legislative Council) who has responsibility for finance, three ministers (appointed by the Governor on the advice of the Chief Minister) and one ex officio member (the Attorney-General). The Governor is the Chairman of the Executive Council and must consult with it in the exercise of his duties. The Legislative Council consists of a Speaker, the Attorney-General as an ex officio member and 13 elected members (9 members from one-member electoral districts and 4 members representing the Territory at large).

5. There are four political parties in the British Virgin Islands: the Virgin Islands Party (VIP); the United Party (UP); the Concerned Citizens' Movement (CCM), which was founded in 1994 as a successor to the Independent People's Movement;

and the National Democratic Party (NDP), founded in 1998.[2] General elections must be held at least once every four years. Candidates are elected based on a simple majority. Persons voting must be 18 years of age or over and have "belonger status". The last election was held in 1999. VIP retained control of the legislature, increasing the number of its representation to seven seats. NDP took five seats, and CCM retained two seats. The next election is scheduled for May 2003.[3]

6. The new Governor of the British Virgin Islands, Thomas T. Macan, took office in October 2002. While greeting the new Governor during the swearing-in ceremony, the Chief Minister noted among other things that "all Chief Ministers of the United Kingdom dependencies would like to have some input into the selection of a Governor, as ... we would not tolerate anyone ... who would have no regard or respect for our customs and our culture". In his speech, the Governor, speaking about the forthcoming work of the Constitutional Commission, stated that he would welcome a debate about reducing the powers of the Governor. He also mentioned that the United Kingdom Government maintained that the Overseas Territories would remain British as long as they wished.[2]

7. In March 2002, the Legislative Council asked the British Government to appoint a commission to review the Virgin Islands Order 1976 (Constitution). Among other things, the Chief Minister asked the British Government to consider the procedure for the conferment of belonger status (see A/AC.109/2002/9, para. 56), the introduction of one more ministerial position and the addition of a human rights chapter to the Constitution.[4] As an initial step towards a review of the Constitution, the Foreign and Commonwealth Office appointed a constitutional adviser who visited the British Virgin Islands in July 2002. Most of the recommendations presented by the previous constitutional review (1993) were incorporated through constitutional amendments between 1994 and 2000 (see also A/AC.109/2001/8, paras. 16 and 17).

8. In May 2002, the territorial Government survived a motion of "no confidence" brought against it in connection with the airport development project. (A month earlier, the Financial Secretary had been arrested on allegations of mishandling government contracts related to the Beef Island Airport development.) In July, the Deputy Chief Minister and Minister of Communications and Works was removed from office and some other changes in the Government were made.[5]

9. In November 2002 the Legislative Council passed the Referendum Act 2002, designed to provide the mechanism for the conduct of referendums in the Territory. The Act will be used when a special issue arises that is considered by the Government and may require a decision by the electorate. One of the provisions states that in order to be valid, at least 59 per cent of registered voters must cast valid votes. The provision that confers power on the Executive Council to initiate a referendum was criticized by the Leader of the Opposition, who pointed out that the majority in the Executive Council would always ensure a decision in its favour. The members of the Opposition voted against the bill, and the supporters of the Government voted for it. The bill passed with seven votes in favour and six against.[6]

10. The law of the British Virgin Islands is the common law of England and locally enacted legislation. Justice is administered by the Eastern Caribbean Supreme Court, based in Saint Lucia, which consists of two divisions: the High Court of Justice and the Court of Appeal. There are two resident High Court Judges, and a visiting Court of Appeal, which comprises the Chief Justice and two judges of

appeal and sits twice a year in the Territory. There is also a Magistrate's Court, which hears prescribed civil and criminal cases, a Juvenile Court and a Court of Summary Jurisdiction. The United Kingdom Privy Council is the final court of appeal.

11. In August 2001, the Government established a permanent Law Reform Commission aimed at the systematic development and reforms of the Territory's laws in order to keep them in line with emerging trends in local and international legal fields. The Commission submits annual reports to the Legislative Council. In January 2003, the Commission outlined seven priority subject areas for the law reform, including laws related to juvenile sentencing and alternative punishment, education, public service, criminal procedure, freedom of information, arbitration and mediation and the environment. According to the Chairman of the Commission, it has established two law reform committees that, inter alia, were responsible for collecting and analysing the input from the public. The Chairman particularly emphasized the importance of promoting sustainable development of the Territory.[7]

12. In March 1999, the Government of the United Kingdom issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex; for key recommendations, see A/AC.109/1999/9, para. 28). The White Paper proposed the extension of British citizenship to the citizens of the Territories; at the same time, it required the Territories to amend their local legislation, in particular on human rights and on the regulation of financial services to meet international standards. On 26 February 2002 the British Overseas Territories Act 2002 (see A/AC.109/2002/2/Add.1) received Royal Assent and came into force on 21 May 2002. The new law grants the right of full British citizenship to all inhabitants of the Overseas Territories and formally abolishes the term "colony". Under the law, British Virgin Islanders can obtain British passports, which will allow them, among other things, to live and work in the United Kingdom and the European Union without restrictions. The acquisition of British citizenship is not mandatory. At the same time, the new law does not allow British and European citizens the reciprocal right to live in the Overseas Territories.[8]

13. In September 2002, the Government of the British Virgin Islands opened an office in London to provide a base for the promotion of the interests of the Territory. According to the Chief Minister, the main areas for promotion include tourism, investment, financial services and training. The new office also serves as a centre for students from the Territory studying in the United Kingdom. In addition, the office coordinates activities and reports related to the European Commission (EU), the World Trade Organization (WTO), the Organisation for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF). The property for the office was purchased at approximately $7.2 million; the annual costs of operation, including salaries, would be close to $1 million. In November 2002, the temporary manager of the London office (engaged as a consultant for an initial period from September 2002 to June 2003) paid a familiarization visit to the Territory. He held meetings with representatives of the Government and the private sector. According to the Chief Minister, the duties of the consultant/manager include establishing good working relations with offices and organizations of the Caribbean region, the United Kingdom, the Commonwealth, Europe and national and

international bodies as may be necessary to ensure that the views of the Government of the Territory are clearly understood and respected.[9]

III. Budget

14. According to the administering Power, at the end of 2001 the overall Consolidated Fund exceeded $105 million. During the past decade, the Government of the Territory was able to finance 80 per cent of the $150 million capital projects. Of $700 million spent during this period, $161 million was spent on health and human resources development, $130 million on recreation, community amenities and protection, $100 million on general public administration, $173 million on economic affairs and infrastructure and $65 million on social security and welfare.

15. For the year 2002, estimated revenue was over $201 million and budgeted recurrent expenditures was $156 million, which would yield an expected budget surplus of $45 million.

16. In November 2002, the Legislative Council approved moneys to be expended in excess of the initially approved budget. The Chief Minister requested recurrent expenditure of $17,853,480 to replenish the Contingencies Fund to be a charge against the Consolidated Fund of the Territory and capital expenditure of $16,187,100 to be charged against the Capital Fund by way of funds transferred from the Consolidated Fund.[10]

17. The Territory has a well-developed banking system. According to the administering Power, estimates from 2001 indicate increases of 10 per cent in deposits and 5 per cent in loans and advances. Loans and advances grew by $24,530,000 in the first quarter of 2002, reaching $528,071,000. This represents 37 per cent of the total increase in loans and advances in 2001, accomplished in one quarter.

IV. Economy

A. General

18. The economy is based on tourism and offshore financial services, which account for 75 per cent of the Government recurrent revenue. The gross domestic product (GDP) for 2001 was $742.3 million, which is $59.5 million or 8.7 per cent more than that of the previous year. The annual rate of inflation for 2000 was 2.8 per cent and the inflation rate for 2001 averaged 3.13 per cent.[11]

19. According to the administering Power, the Territory's principal trading partners in 2001 were the United States of America, Puerto Rico, countries members of CARICOM and the United Kingdom. Imports consisted mostly of food, machinery and fuel. In February 2003, the Caribbean Development Bank reported that the overall performance of the British Virgin Islands in 2002 showed increased general activity, in particular expansion in tourism and construction.[12] According to the Foreign Commonwealth Office, in 2001 United Kingdom exports to the Territory were valued at £7.27 million and imports at £6.84 million.

20. Speaking before the Legislative Council in September 2002, the Chief Minister noted that the economic outlook for 2002 was expected to reflect a good recovery in tourism and the confirmation that the financial services sector was adjusting to the internal reform and an aggressive pursuit of global regulations by OECD. He said that the prospects for the first half of 2003 were also good. The anticipated growth in investment spending would come from the Government's continuing public sector investment programme and the increased bank financing of residential and commercial construction. The Chief Minister pointed out that there was a very positive relationship between increased economic output and the Government's net financial position. Responding to the request of the Opposition on the "economic difficulties" of small businesses, the Minister stated that there was no evidence of any crisis in that sector and referred to the impact of the global economy on the local economic activities. The Chief Minister noted that promotional efforts in financial services and tourism had been intensified to counter the negative global changes, in particular the Tourist Board continued to advance the Territory as a year-round destination, with special attention given to small inns and villas. In addition, the special training programmes for small-scale entrepreneurs had been introduced in order to improve their skills. Incentives and financial assistance were available under the Hotel Aid and Pioneer Services Enterprises Ordinance. In addition, the Development Bank of the Virgin Islands was assisting those entrepreneurs who could not secure funding from commercial banks.[13]

B. Agriculture and fisheries

21. Agriculture contributes 1.5 per cent of the GDP and engages 1.9 per cent of the population in paid employment. There are serious obstacles to developing the agricultural sector, such as a shortage of labour, water and marketing facilities. According to the administering Power, a committee to review the contribution of agriculture to the economy has been set to make recommendations for the development of this sector. One of the objectives of the Government is to sustain and develop the land and water resources of the Territory and to improve agricultural productivity. The budget for the Department of Agriculture was $2.3 million in 2001 and $2.2 million in 2002.

22. The Engineering, Soil and Water Conservation Division is engaged in the construction of farm access roads, small dams and water collection accessories. The Division has developed a nearly 3 million gallons of water storage capacity to harvest rainfall and run-off water.

23. In September 2002, the Executive Council of the Territory banned the importation of mangoes from several Caribbean countries. The action was prompted by a fruit infestation (seed weevil), which presented no risk to consumers, but affected the propagation capacity of the seeds. The Department of Agriculture confirmed that the insect was already present in several locations in the Territory and that the main focus was to control it and prevent it from spreading any further.[14]

24. The fishing industry contributed 1.3 per cent to the Territory's GDP. The budget for the Department of Conservation and Fisheries in 2001 was $913,000 compared with $1,236,500 in 2002.

C. Manufacturing/industry

25. Local industry, including mining, manufacturing and construction, accounts for 9.9 per cent of the GDP and engages around 21.3 per cent of the employed labour force. Manufacturing, which provides around 1 per cent of the GDP, consists mainly of light industry. According to the administering Power, manufacturing centres around the "Craft Alive" market and the Hope Estate, East End, Long Look Industrial Compound project. The Craft Alive market is now open daily all year round. With a recently undertaken $750,000 improvement of buildings and utilities it has 19 full-time units in operation. The Industrial Compound focuses on creating community-based light manufacturing, such as food, crafts, and some chemical and recycling products.

26. The construction industry, as measured by imports of construction materials (cement, nails, paints, polyvinyl chloride pipe, lumber and steel) accounts for 6.3 per cent of the GDP. In September 2002, the construction of the new Government House began. The building of roughly 6,500 square feet of the enclosed space and 2,500 square feet of covered terrace is financed by the Foreign and Commonwealth Office in partnership with the British Virgin Island Government and will cost $2.9 million. Together with the old Government House, which will become a historical museum, the complex is expected to be a major tourist attraction.

27. In September 2002, the Government broke ground for the construction of a new $7 million Multipurpose Sports Complex in Road Town, which will be used by both the local population and tourists.

D. Tourism

28. A rich vegetation, unspoiled beaches, yachting marinas and fine coral reefs make the islands a natural tourist destination, and tourism continues to be the most important economic sector for the Territory. Unlike the international financial services, tourism is an important source of employment and revenue, and contributes to a host of other sectors, such as the construction and retail sales sectors.

29. According to the administering Power, in 2001 the total number of tourists was 557,437 (519,409 in 2000), of which 311,298 were stopover visitors (281,119 in 2000), 195,872 cruise-ship passengers (918,522 in 2000) and 50,267 excursionists (49,768 in 2000). According to the Reuters news service, the war anxiety, rising fuel costs and fragile United States economy negatively affected the whole Caribbean tourist market. At the same time, the British Virgin Islands tourist industry, which aggressively recruited European travellers, saw increases in overnight stays in hotels during 2002. The Government makes considerable efforts to keep the high standard of the tourist service. According to the 2002 survey by the Travel and Leisure magazine, only four hotels from the entire Caribbean were included in the World's Best hotel list and those were the hotels in the British Virgin Islands.[15]

30. In 2002, the Government started a campaign aimed at transforming the capital city, Road Town, into a world class residential, tourist and financial centre. The Road Town Improvement Committee, headed by the Chief Minister, will develop a comprehensive action plan for the long-term development of the capital to be implemented by 2020. According to the Chief Minister, the capital would become a more pedestrian friendly place: "This will allow both residents and visitors the

opportunity to traverse Road Town, work in Road Town, shop in Road Town and relax in Road Town in a much more comfortable and pleasant atmosphere. In this regard, my preference is narrower roads, wider sidewalks, easier crossings, lots more trees, plants and shrubs, and many more water fountains and other such pleasantries. Efforts to improve the traffic and the parking situation in Road Town should receive full attention."

E. Finance

31. As has been described in previous working papers (see A/AC.109/2001/8 and A/AC.109/2002/9), the provision of international financial services is one of the two pillars (along with tourism) of the British Virgin Islands economy. Fees from these services alone bring in more than half of the Government's revenue. The British Virgin Islands was one of the first Territories to adopt legislation (in the mid-1980s) allowing registration of international business companies and continues to claim about 45 per cent of the world's market. The British Virgin Islands does not tax the assets of the companies, ensures their privacy and has a well-educated population that enhances the quality of the services and regulation provided.

32. During the period under review, the financial sector continued to grow. There are more than 350,000 registered international business companies in the Territory. According to the existing local laws, the companies are not taxed and are not obliged to disclose the identities of their directors or shareholders. In the mutual fund segment, the total number of funds registered since 1998 is over 2,000. In addition, ongoing efforts are being made to attract more insurance and trust companies to the Territory. However, international business companies still account for around 90 per cent of government revenues from financial services.

33. In the late 1990s, the confidentiality and tax-free qualities of the British Virgin Islands' financial sector had drawn the scrutiny of OECD and FATF. In 2000, the British Virgin Islands was included in the list of countries and jurisdictions with harmful tax practices. The Government of the Territory, in cooperation with the United Kingdom, undertook certain measures to improve its legislation in order to meet the requirements of the international business community (for the legislation adopted in recent years, see A/AC.109/2002/9, paras. 29-31). In February 2002, the Government of the Territory negotiated and submitted a draft commitment letter to OECD, in which it presented the British Virgin Islands' position on the principles of transparency and effective exchange of information. In March 2002, OECD gave a written assurance that the British Virgin Islands would not be included on any list of uncooperative jurisdictions. In April 2002, the Territory was removed from the so-called black list.[16]

34. In November 2002, the Government unveiled its plan to regulate the deposits of so-called bearer shares (often issued by the international business companies and considered to be the property of anyone presenting them) as a continued effort to bring the local financial services in line with international regulations. Although the Financial Services Commission stopped short of banning bearer shares it decided to restrict their mobility. The new legislation, the International Business Companies (Amendment) Act 2002, requires that the companies register their bearer shares with a custodian within the grace period of two years or run the risk of being closed. The custodians are expected to be trust companies or financial institutions. Out of about

500,000 registered international business companies, around 200,000 are owned by companies and individuals in Hong Kong, China.[17]

F. Transport and communications

35. According to the administrating Power, the British Virgin Islands have 165 roads, of which 148 (163 kilometres) are paved. The number of vehicles registered and licensed in the Territory in 2001 exceeded 11,000. After a number of delays, construction of a new bridge to Beef Island was completed in June 2002. The new bridge will considerably improve the connection between the airport and the capital. In order to ease traffic congestion problems in the capital, a Road Traffic Advisory Committee was set up in June 2002. In September 2002 the first traffic lights were installed in the Territory (see para. 55). The Government intended to organize training for the relevant personnel, including ambulance service personnel and police, to ensure proper maintenance of the system. The cost of the traffic lights in the 2002 budget was projected at $342,258.[18]

36. There are three international airports in the British Virgin Islands with around 190,000 arrivals and departures each year. Fifteen airlines fly to the Territory. In January 2003, a new alternative route was added when the Caribbean Sun Airlines introduced flights from San Juan, Puerto Rico. The new airline will provide four daily flights using an aircraft with seating capacity for 37 passengers.[19]

37. The construction of a new terminal in the Beef Island Airport (renamed T. B. Lettsome International Airport) was completed in 2002. This terminal is part of a $65 million project. Work continues on the expansion of the runway and other infrastructural developments. The Caribbean Development Bank, EU, the European Investment Bank, the Scotia Bank, the Social Security Board, Barclays Bank and the territorial Government are funding the project.[20] In August 2002, following a number of setbacks (the bankruptcy of a contractor and failure to secure a new contract), a dredging contract for the next phase of the runway extension was signed by the Government with a German company, Jan de Nul N.V., and witnessed by the Netherlands Airport Consultants. The consultative services were extended to 2003 for a cumulative cost of $2,500,000. The completion of this phase of the project is scheduled for the end of 2003.[20]

38. According to the administering Power, in 2001, 256 cruise ships visited the Territory's ports, with 202,517 passengers, compared with 230 ships and 188,521 passengers in 2000. Also in 2001, there was a total of 28,300 vessel calls, including cargo vessels, tankers, the coast guard, naval ships and pleasure vessels mainly in Port Purcell and Road Town. There were more than 15,000 tons of bulk cargo, 56,619 tons of containerized cargo, 183 tons of fuel, 24,934 tons of cement and 22,902 tons of sand landed.

39. The British company Cable and Wireless provides basic telephone services in the British Virgin Islands. The current contract with the company expires in 2007. Following the Government's decision not to renew its exclusive licence and to negotiate a competitive market, the company is working with the Government in order to find a suitable model for the liberalization of the local telecommunications industry. According to press reports, Cable and Wireless is upgrading its network with the most technologically advanced systems.

G. Water system, sanitation system and utilities

40. The water supply in the British Virgin Islands is constrained by the problems of insufficient production of fresh water and inadequate storage capacity. The Territory produces 1.3 million gallons of fresh water daily, mostly in desalination plants, but can only store a two-day supply of water. Rainwater cisterns are the primary source of water for 80 per cent of the population; the remainder relies on piped water. The Legislative Council has suggested that the water supplier — Ocean Conversion Ltd. of the British Virgin Islands — increase its capacity by 200,000 gallons a day.[21]

41. According to the administering Power, the Government undertakes considerable efforts to monitor the quality of water. The Water Quality Surveillance Programme monitors basic sanitation in public and private institutions. As of 2001, however, medical certification of water bottling companies could not be enforced owing to a lack of legislation. Regulations were also lacking to support the activities of the environmental health officers.

42. The Territory has an electricity production capacity of 42 million kilowatt hours and a consumption of 39 million kilowatt hours; production comes entirely from fossil-fuelled generators with an effective generating capacity of 25 megawatts. The rapid economic growth of the British Virgin Islands has strained its electricity grid and additional capacity is required. The Government has undertaken a major expansion of its physical plant to cope with current and future needs. For fiscal year 2001, domestic consumers contributed 34.05 per cent of the revenue, commercial consumers 60.69 per cent, industrial consumers 3.03 per cent and street lighting 2.94 per cent.

43. The British Virgin Islands Electricity Corporation is responsible for the Government's activities related to the development and distribution of power. It is currently completing the third phase of a 10-year development programme, which involves the installation of two additional sets of generators and the transmission of power to the island of Virgin Gorda from the Long Swamp Station. According to the administering Power, the installation of the two new generators has not resulted in expected outputs and corrective actions are being taken.

V. Social conditions

A. General

44. Public assistance is provided for those who need it through the Social Security Board, a statutory body that falls under the Ministry of Finance. It provides for sickness and maternity benefits, as well as pensions. According to the administering Power, during 2001, $3,623,926 was paid in benefits, which is an increase of 21 per cent over the $2,979,339 spent in the previous year. The payments of pensions and other long-term benefits totalled $2,063,645 and payment of sickness and other short-term benefits totalled $1,326,621. The Social Development Department has several programmes for young people, including apprenticeships and job placement and income-generating skills programmes.

45. According to the administering Power, immigration accounted for almost half of the population growth in the Territory. The previous census indicated that 53 per cent of managers, 65 per cent of professionals and 52 per cent of assistant professionals were immigrants. In total, immigrants constituted 61 per cent of the working labour force. In addition, almost 80 per cent of all nuclear family households contained at least one immigrant; and immigrants accounted for 63 per cent of single heads of household. In 2001, estimated immigration was 176 persons, which constituted 44.8 per cent of the increase of the population.

B. Labour

46. The labour force is engaged primarily in tourism (26 per cent), government employment (20 per cent) and construction (18 per cent). According to the administrating Power, the 2001 estimated budget for the Labour Department was $661,700, compared with $507,861 in 2000. The 2002 estimated budget was $730,100. The Territory maintained full employment, with 88.9 per cent of the population 15 years and older being employed. The labour force is around 11,700. Of this number, 4,998 (42.6 per cent) were British Virgin Islanders or belongers; and 6,632 (57.4 per cent) were persons from other countries.[22]

47. Until recently, employment conditions and relations between employers and employees in the Territory, as well as the requirement for work permits, were governed by the Labour Code Ordinance (1975). According to the administrating Power, the Ordinance has not been amended since its enactment and is outdated in many respects. In 1998, the Government introduced in the Legislative Council a new Labour Code, which received its first reading in 2001. The new bill would clarify administrative arrangements, improve dispute settlement procedures and upgrade basic conditions of employment for long-term employees. The Code would call inter alia for employer/employee disputes to be settled through arbitration rather than courts, and would envisage a five-year limit on work permits for non-belongers. In January 2002, the Chief Minister clarified that persons with certificates of residence did not require a work permit. In March 2002, the Minister of Labour further explained that the five-year limitation on work permits was needed to prevent persons on work permits from eventually acquiring residence status. During the past five years, a total of 802 work permits were issued and 43 per cent of the permit holders (334 persons) decided to stay in the Territory.[23]

C. Education

48. Education is free and compulsory in the Territory between the ages of 5 and 11 years; secondary education (from 12 to 16 years) is also free. There are 18 public and 11 private primary schools in the Territory, on Tortola, Anegada, Virgin Gorda and Jost Van Dyke. There are three high schools (one private and two public) and a community college at Road Town. Secondary education is available to the General Certificate of Education "A" Level. Higher education is provided by the University of the West Indies. The H. Lavity Stoutt Community College offers associate degree courses and technical education. According to the administering Power, 1,547 students were enrolled at the government secondary schools and 90 students at the private secondary schools during 2000. During the same period, 76 students were enrolled in continuing education classes, which focus mainly on basic education and

life skills. Approved estimated expenditures for 2001 were as follows: education administration $2,392,200; pre-primary and primary education $6,675,900; and secondary education $7,063,800.

49. The Government continued to improve educational conditions in the Territory, including an improvement of school facilities, an increase in scholarship funds and financing of alternative education programmes. For the 2002-2003 academic years, scholarships were approved for studies in law, financing and accounting. In the current school year, 84 students attended an alternative education programme, compared with 44 the previous year, and the number of teachers was increased from 8 to 14.[24]

50. In October 2001, the H. Lavity Stoutt Community College launched a new distance education programme, which would allow students to continue education beyond the levels of certification offered by the college.[25]

D. Public health

51. The territorial Government is the major provider and financier of health services. The Territory has one public hospital (Peebles Hospital), one health centre at Road Town and a network of eight district clinics, as well as two satellite clinics at Brewers Bay and Sea Cow Bay. Private health care is provided by one private hospital, two private dental surgeries, two private medical complexes and nine private physicians. According to the administering Power, health services are almost entirely financed (95 per cent) from the Consolidated Fund. During the past five years, the per capita expenditure continued to grow. Health expenditure as a percentage of total recurrent expenditure showed a gradual increase, from 7.6 per cent in 1997 to 9.14 per cent in 2001. Actual total expenditure for health in 2001 was $13,060,100; per capita expenditure was $632, compared with $548 in 2000. As of November 2002, the project to expand and modernize the Peebles Hospital was still at the negotiation stage. The Government reported to the Legislative Council that the cost of the project would not exceed $80 million, which is expected to be funded by loans and Government funds.[26]

52. The Territory suffers from a shortage of skilled local medical personnel and recruits mainly from other Caribbean countries. In 2002, there were 43 doctors (28 in government service and 15 in private practice), 128 registered nurses, 37 nurse assistants and 10 pharmacists. Currently, manpower and training comes from several sources, including the Government's Training Division, other Caribbean countries, the United States, Canada and the United Kingdom.

53. According to the Caribbean Epidemiology Centre, the Territory has universal vaccination coverage and the Government of the Territory carries out a successful immunization programme. In particular, 95 to 100 per cent of the infant population has been immunized, 90 per cent of adults vaccinated against rubella and 90 per cent of the teenage population against hepatitis B.[27]

E. Crime

54. The Royal Virgin Islands Police Force maintains three stations on Tortola and one each on Virgin Gorda, Anegada and Jost Van Dyke. The total size of the force is

186 officers. According to the administering Power, the crime rate doubled in the Territory between 1996 and 2001, rising from 52.5 reported criminal offences per thousand to 106.8. In 2001, 2,205 criminal offences were reported in the Territory, an increase of 8.73 per cent over the previous year. The Prison Department had a 2002 budget of $1,693,800, compared with $1, 658,831 in 2001. At present 69 males and 2 females are imprisoned.

55. According to the Police Traffic Department, traffic congestion and accidents have been a growing problem in the Territory. The statistics showed that at one of the intersections in Road Town alone, 48 road accidents were reported in 2001 and 14 accidents were reported in the first half of 2002, and along the carriage way coming from Port Purcell there were 129 accidents in 2001 and 70 in the first half of 2002. The first traffic lights in the Territory were installed in Road Town in September 2002 and the second set in November 2002 (see para. 35). The lights are expected to improve this situation.[28]

56. In an effort to lessen the number of illegal immigrants arriving to the Territory, the Chief Minister requested in January 2003 that a regular patrol of the Territory's waters be introduced. The statement came after the local authorities reported the apprehension of 67 illegal immigrants from Haiti, the Dominican Republic and Saint Lucia over one weekend. The usual route of illegal immigrants is from St. Marten down to the south side of the Territory's islands. He stated that while a patrol would be costly, catching the illegal immigrants and getting them out of the country would cost even more. The Chief Minister has continued to discuss the issue with the Governor and the police.[29]

57. According to the outgoing Governor, the Police Force was in the process of modernization. Among the early signs of improvement he mentioned that the serious crime was down by around 10 per cent and arrests were up by about 60 per cent. He also welcomed the formation of police-community groups in some areas of the Territory.[30]

58. As reported previously (A/AC.109/2002/9, paras. 61 and 62), the British Virgin Islands is becoming an increasingly important location on the Caribbean trans-shipment corridor for drug trafficking.

59. According to the Foreign and Commonwealth Office, problems associated with drug trafficking are potentially the most serious threat to stability of the Territory. The Territory is a major target for traffickers because of its numerous small uninhibited islands and close proximity to the United States Virgin Islands and Puerto Rico, which serve as a gateway to the United States mainland. The United Kingdom has provided a police launch, and jointly funds with the territorial Government a number of British personnel, a Police surveillance aircraft and anti-narcotics equipment to assist with control.

60. The Territory has a full Mutual Legal Assistance Treaty with the United States and enjoys close cooperation with United States law enforcement agencies. The relevant legislature includes the Drug Trafficking Offences Bill and Criminal Justice Cooperation Act.[31] In August 2002, in order to reduce the incidents of vessels entering and leaving the territorial waters without permission, the Custom Department strengthened control at all seaports. In addition to the past practice of penalizing the offenders, the Department organized informative sessions with the operators of vessels to familiarize them with relevant regulations.[32]

61. In early 2003, the Minister of Health and Welfare made an appeal to the Government and the population to work together to reverse the trend of increasing alcohol and marijuana use and of early and unprotected sex among residents. For the second consecutive year, January was declared Drug Awareness Month. In 2002 the Caribbean Epidemiology Centre and the National Drug Advisory Council carried out a survey of young people in the Territory aged between 12 and 19 years. The preliminary results indicate that 98.6 per cent of the respondents had used alcohol before the age of 16 and 94.5 per cent had smoked marijuana by the same age. The patterns of sexual behaviour are being analysed by the Centre. According to the Minister, the information from the survey will be used by the Government to identify concerns and to propose adequate educational and preventive measures. In the meantime, the Government is working towards the establishment by the end of 2003 of an in-patient unit in the Territory to assist those who have already become addicted to drugs. The Government has also increased the number of after-school programmes to provide an alternative for unsupervised children.[33]

VI. Environment

62. Like many Caribbean Territories, the British Virgin Islands is subject to seasonal hurricanes. The territorial Government undertakes several programmes to minimize the damage caused during hurricane season and maintains an Office of Disaster Preparedness and a National Emergency Operations Centre.

63. In recent years, the territorial Government has undertaken steps to protect the environment of the islands and balance it with the needs of economic development. In June 2002 officials of the British Virgin Islands Conservation and Fisheries Department held meetings and exchanged experience with the New York-based Environmental Protection Agency and counterparts from the United States Virgin Islands with whom they share similar problems. In particular, the British Virgin Islands representatives shared details of the programme developed for Tortola, whereby several government agencies would join with architects, engineers, contractors, environmentalists and others in the private sector to find ways to minimize soil erosion and any negative impact of economic development.[34]

64. In 2001, the United Kingdom Department for Environment, Food and Rural Affairs, the University of Wales and the Marine Conservation Society allocated £145,000 for a three-year project to investigate the exploitation of the endangered marine turtle population in the Caribbean Overseas Territories, including the British Virgin Islands. Despite a 1977 ban on all international trade in marine turtle products under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, tortoiseshell items continue to be illegally traded in the Caribbean, where unsuspecting tourists provide the main market. The project aims to work with local expertise and to help establish long-term research programmes in each Territory involved. Through exhaustive field surveys and genetic stock analysis, the team will assess the status of the marine turtle population at nesting beaches and the turtle's marine foraging grounds. It will also evaluate legal and illegal turtle harvests through socio-economic surveys. Regulated turtle fisheries are currently allowed in the British Virgin Islands. In August 2002, representatives of the Territory attended a seminar organized within the framework of this programme and funded by the Foreign and Commonwealth Office's Environment Fund for the Overseas Territories.[35]

VII. Relations with international organizations and entities

A. United Nations system

65. The Territory enjoys associate membership in the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean (ECLAC). The Territory also receives some funds from the United Nations Development Programme (UNDP) in implementing its country cooperation framework.

66. In August 2002, officials from the Ministry of Natural Resources and Labour discussed issues vital to the Territory's fishing interests during a United Nations meeting on the law of the sea and the conservation and management of straddling fish stocks and highly migratory fish stocks. Some of the issues discussed included United States fishing in the British Virgin Islands 200-mile economic zone, the United States claim that the North Drop Island belongs to the United States Virgin Islands and the chasing of the British Virgin Islands' fishermen from their territorial waters by the United States Coast Guard. One of many issues arising from the meetings was the importance of sustainable fisheries to the alleviation of poverty.[36]

B. Regional organizations and entities

67. The Territory is an associate member of CARICOM, whose goal is to promote closer political and economic integration among Caribbean States, and the Organization of Eastern Caribbean States (OECS). Because of its relatively high level of economic development, the Territory is being pressured to become a full member and to open its labour market to OECS workers. It is a borrowing member of the Caribbean Development Bank. It is also a signatory to the Lomé Convention, which provides for some development assistance.

VIII. Future status of the Territory

A. Position of the territorial Government

68. According to information received from the administering Power, on 9 September 1998, the Government of the British Virgin Islands and the Government of the United Kingdom signed a "Memorandum of Cooperation and Partnership". In that document, the territorial Government stated its objective to be the achievement of economic independence; the administering Power stated that it shared that objective and that it remained committed to a policy of assisting its Overseas Territories to attain full independence when and if it was the clearly and constitutionally expressed wish of the people.

69. In June 2001, the Government appointed a committee to look into the cost, obligations and liabilities of independence, such as the creation of a foreign ministry, the establishment of embassies and the requirements arising from international treaties and conventions. This exercise was undertaken to implement one of 30 other proposals for constitutional reform presented in the 1993 Report of the Constitutional Commissioners. The committee is not to make any

recommendations on whether the Territory should become independent. The question of independence is to be decided by the country's voters either through a referendum or by electing a party committed to independence.[17]

B. Position of the administering Power

70. On 1 October 2002, the representative of the United Kingdom made a statement before the Special Political and Decolonization Committee (Fourth Committee) (see A/C.4/57/SR.3) in which she said that her Government, as an administering Power, was pleased to report that further progress had been made towards modernization and development of the relationship between the United Kingdom and its Overseas Territories. The fourth annual meeting of the Overseas Territories Consultative Council had been held in London in September 2002, providing a forum for structured political dialogue between democratically elected chief ministers of the Overseas Territories and ministers of her Government with regard to the relationship, based on partnership, between the United Kingdom and its Territories. It also enabled those present to consult on matters such as the process of constitutional review, human rights and environmental issues arising from the United Kingdom's international commitments.

71. The partnership between the United Kingdom and its Overseas Territories continued to evolve: on 26 February 2002, the British Overseas Territories Act had become law, with effect from 21 May 2002, granting citizens of the Territories British citizenship, with right of abode in the United Kingdom and freedom of movement in Europe; it formally changed the nomenclature from "dependent" to "Overseas" Territories in order to more accurately reflect the nature of the relationship. Furthermore, constitutional review was under way in almost all the Territories, for the first time with the participation of locally appointed review commissions, with a view to providing each Territory with a modern constitution suitable for its long-term development which reflected its specific circumstances. Some reviews were almost complete, others were well under way, and Ascension Island, for example, would have elected an island council by the end of 2002.

72. The United Kingdom representative added that work was under way to implement the Guiding Principles of the Environment Charter for the Overseas Territories, adopted in September 2001. Pilot projects had been approved for two Territories and would be carefully monitored for suitability elsewhere. Multilateral environmental agreements would be extended to the Territories and national legislation would be strengthened. Projects had been implemented to address key areas such as habitat restoration, surveys of living resources, tackling of invasive species and capacity-building for civil society institutions. Her Government would also assist the Territories to access regional and bilateral European Commission trade, economic and development assistance within the framework of the November 2001 decision on the association of the overseas countries and Territories with the European Community (Overseas Association Decision).

73. The wishes of the peoples of the Territories, exercised in accordance with the Charter of the United Nations and other international treaties, were of paramount importance for the United Kingdom. The relationship between her Government and its Territories was based on fundamental principles such as self-determination, mutual obligations, freedom for the Territories to run their affairs to the greatest

degree possible and the firm commitment from her Government to help the Territories economically and during emergencies.

74. The representative of the United Kingdom said that there was a basic commonality of approach between her Government and the Fourth Committee and she therefore regretted that relevant resolutions, in particular those of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, did not always properly reflect that commonality. The annual omnibus resolution recalled that there was no alternative to the principle of self-determination and it was unfortunate that the Special Committee continued to apply that principle selectively. Her Government fully intended to continue to work with the Special Committee, as had been demonstrated by the presence of a representative of her Government at the regional seminar of the Special Committee held in Fiji in 2002.

C. Consideration by the General Assembly

75. On 11 December 2002, the General Assembly adopted, without a vote, resolution 57/138 A and B, section IV of which concerns the British Virgin Islands.

Notes

[1] Information contained in the present working paper has been derived from published material and from material provided by the administering Power under Article 73 e of the Charter of the United Nations.

[2] *The Island Sun*, 11 October 2002.

[3] *Europa World Yearbook 2002*, 43 ed.

[4] Ibid., 8 March 2002.

[5] *Europa World Yearbook 2002*, 43 ed.; and *The Island Sun*, 1 June 2002.

[6] *The Island Sun*, 15 November 2002.

[7] Ibid., 4 January 2003.

[8] *The Observer* (London), 12 May 2002.

[9] *The Island Sun*, 30 August, 27 September and 14 December 2002.

[10] Ibid., 8 November 2002 and 17 January 2003.

[11] Ibid., 22 December 2001.

[12] BBC Monitoring Americas — Political, London, 11 February 2003.

[13] *The Island Sun*, 20 September 2002; and BBC Monitoring Americas — Political, London, 22 September 2002.

[14] BBC Monitoring Americas — Political, London, 16 September 2002.

[15] *The Island Sun*, 3 August 2002; and REULBviaNewsEDGE, 30 January 2003.

[16] *Financial Times*, via NewsEDGE, 8 August 2002.

[17] Ibid., 18 November 2002; and *South China Morning Post*, 2 December 2002.

[18] *The Island Sun*, 13 September 2002.

[19] Ibid., 24 January 2003.

[20] Ibid., 31 August 2002.

[21] *The BVI Beacon*, 20 December 2001.

[22] *The Island Sun*, 24 November 2001.

[23] *The BVI Beacon*, 20 December 2001; and *The Island Sun*, 19 January and 1 March 2002.

[24] *The Island Sun*, 31 August 2002 and 4 January 2003.

[25] *The BVI Beacon*, 12 October 2001.

[26] *The Island Sun*, 16 November 2002.

[27] Ibid., 17 August 2002.

[28] *The Island Sun*, 13 September and 8 November 2002.

[29] Ibid., 17 January 2003.

[30] Ibid., 11 October 2002.

[31] www.fco.gov.uk, country profiles, British Virgin Islands, January 2003.

[32] BBC Monitoring Americas, 16 August 2002.

[33] *The Island Sun*, 17 January 2003.

[34] *The Virgin Islands Daily News*, 12 June 2002.

[35] www.fco.gov.uk, press releases, 22 August 2002.

[36] *The Island Sun*, 31 August 2002.

[37] *The BVI Beacon*, 14 June 2001.